



# U.S. ENERGY CORP.

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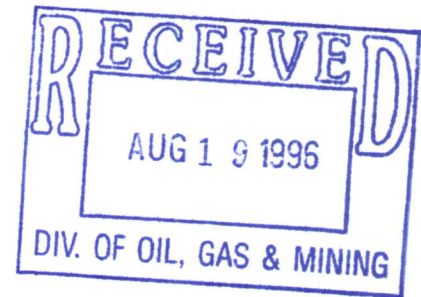
PHONE (307) 856-9271

M/037/040

RIVERTON, WYOMING 82501

August 13, 1996

Mr. Tony Gallegos  
Department. of Natural Resources  
Division of Oil, Gas & Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, UT 84120-1203



Re: Velvet Mine Permit M/037/040.

Dear Mr. Gallegos:

We have noted that there has been some confusion as to who owns the Velvet claims and who is the permittee.

Plateau Resources is a wholly owned subsidiary of U.S. Energy Corp., Riverton, WY. We have used the Companies name interchangeably when it involved the Velvet Mine. The mine permit and bonding is in U.S. Energy Corp.'s name and the claims are owned by U.S. Energy Corp. U.S. Energy Corp. personnel will be doing the dewatering which is expected to commence during the week of August 12, 1996.

If there is any additional information needed, please contact me.

Yours truly,

Kenneth Webber  
Environmental Coordinator

cc: Mr. Ted McDougal  
San Juan Resource Area  
P.O. Box 7  
Monticello, UT 84535